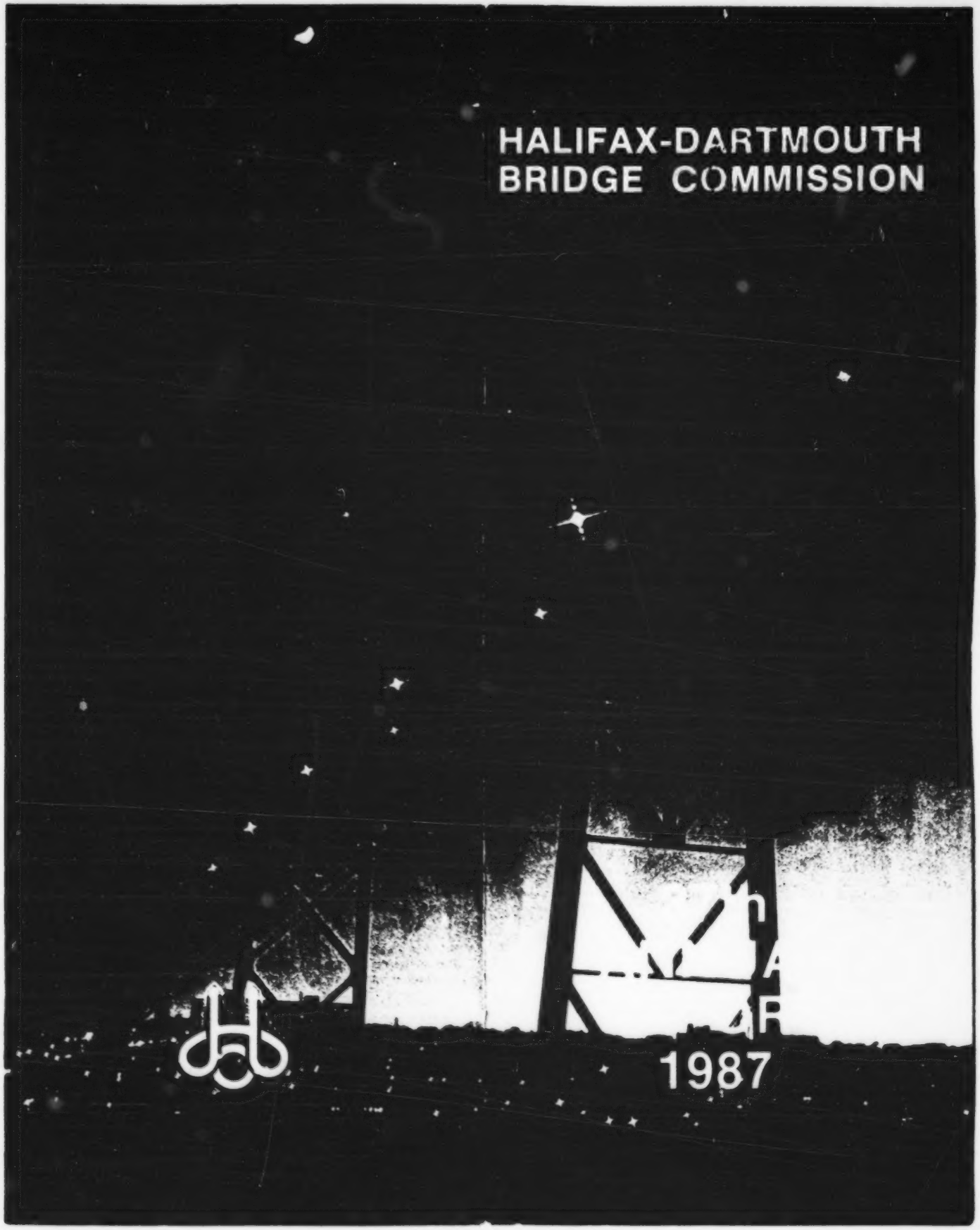
HALIFAX-DARTMOUTH
BRIDGE COMMISSION
1987

ANNUAL REPORT

The Governor-in-Council, Province of Nova Scotia
City Council, City of Halifax
City Council, City of Dartmouth
County Council, Municipality of the County of Halifax

Honourable Sirs:

The Halifax-Dartmouth Bridge Commission has pleasure in submitting its Thirty-Seventh Annual Report.

LEGISLATION

As a direct result of upgrading the deck of The A. Murray MacKay Bridge, the existing weight limits will be amended. Application has been made to the Governor-in-Council for By-Law Number 2, of The Halifax-Dartmouth Bridge Commission, to be changed as follows:

"Paragraph (c) of Section 3 is repealed and the following paragraphs (c) and (d) are substituted therefor:

"(c)" Unless he holds a permit therefor issued by the Commission, no person shall operate upon any bridge a vehicle or combination of vehicles, either unladen or with load

(i) having an axle weight in excess of 9,000 kilograms, or

(ii) having a gross vehicle weight in excess of 50,000 kilograms, or

(iii) having a weight in excess of the maximum weight for an axle assembly operating on a Schedule "C" highway specified in Schedule "A" to the "Regulations Respecting the Weights and Loads of Vehicles" (the Regulations") made by the Minister of Transportation pursuant to Section 172 of the Motor Vehicle Act.

(d) (i) The maximum weight of any axle assembly shown in Schedule "A" or for a vehicle or combination of vehicles shown in Schedule "B" shall be subject to the minimum distances between axle centres shown in Schedules "A" and "B".

(ii) Words which are defined in the Regulations shall have the same meaning in this section as they respectively are given in the Regulations and reference herein to Schedules "A", "B" and "C" mean Schedules "A", "B" and "C", respectively to the Regulations.

TOLLS, RATES and CHARGES

Subsequent to the decision of the Nova Scotia Board of Commissioners of Public Utilities dated 29th October 1986,to amend the existing bridge tariff of tolls, rates and charges, representation was made to the Board by The Halifax-Dartmouth Bridge Commission, for reconsideration. The Commission outlined to the Board, a number of serious problems created by that decision.

On March 29, 1987, the Board held a meeting to permit the Commission to present its evidence. As a consequence, the Board amended its decision of October 29, 1986 by substituting a new schedule of rates to become effective September 1, 1987. This new schedule of rates appear elsewhere in this report.

FUNDED DEBT

The outstanding loan agreement of 122,000,000 Swiss Francs with the Bank of Nova Scotia was renewed on a short term basis during 1987. The interest is payable in arrears both before and after maturity at a rate which is the aggregate of:

(A) The London Interbank Offer Rate (LIBOR) for the term of the loan, and

(B) Bank add-on rate of 1/2 % to June 30, 1987, rising to 5/8 % per annum from July 1, 1987 to June 30, 1989.

INSURANCE

As a result of information received from the insurance industry on an international level through the International Bridge, Tunnel and Turnpike Association, the current insurance broker was asked to extend the existing insurance program through to May 1, 1988. Insurance based on the following coverage is carried from May 1, 1987 through May 1, 1988:

(A) Property Insurance - (Bridges) - Direct Damage and Business Interruption - $84,408,000.00

(B) Property Insurance (Buildings & Toll Booths) - $3,250,000.00.

(C) Automobile Fleet Insurance:
  (1) Third Party Liability - $1,000,000.00
  (2) Accident Benefits - As per Provincial Statutes
  (3) Physical Damage - All Perils - Subject to deductibles of $100.00 for passenger vehicles and $500.00 for heavy equipment. Uninsured Motorist Insurance is also covered.

(D) Crime and fidelity Coverage - $50,000.00.

(E) Directors and Officers Liability Insurance - $1,000,000.00 per occurrence.

(F) Boiler and Machinery Insurance - Limit per Accident - $2,500,000.00.

(G) Umbrella Liability - $20,000,000.00 per occurrence

SPECIAL PROJECTS

The Chairman, Commissioners and staff of The Halifax-Dartmouth Bridge Commission, acted as hosts to the 55th Annual Convention of the International Bridge, Tunnel and Turnpike Association from September 12, through to September 16, 1987.

Over 640 delegates and guests from eleven different countries attended the conference. A well rounded business program augmented by special Nova Scotia flavoured social events, culminated in the largest and most successful convention experienced to date by the international group.

Once again the ever popular "Bridgewalk" program was a success.

The Commission expresses its gratitude to all participating agencies.

The "toll free" Christmas Day continues to be well received each year.

MAINTENANCE

The annual inspections of The Angus L. Macdonald Bridge and The A.Murray MacKay Bridge were carried out in July by the consulting firm of Whitman Benn Group followed by a waterborne inspection of the piers and rock berm pier protection installations of both bridges.

The inspecting engineers complimented the Commission and its maintenance staff for their comprehensive and effective preventive maintenance programs in maintaining the bridges in excellent condition.

TRAFFIC STATISTICS

Vehicular traffic over both bridges in 1987 totalled 28,871,118 compared with 28,038,723 in 1986, an increase of 832,395 vehicles or 2.97 %.

Passenger automobiles accounted for 97.27 % of the total traffic figures and amounted to 28,084,019 vehicles.

Highest single day figures occurred on Friday, October 23rd 1987 when 107,881 vehicles of all classes crossed the bridges.

Total number of vehicles crossing both bridges now stands at 468,083,623, all of which represents toll paid traffic.

FINANCIAL STATEMENTS

As required by Section 26 of the Act of Incorporation, audited financial statements for the year 1987 form part of this report. Toll revenue totalled $7,884,017 representing an increase of 4.58 % over last years operation.

Revenue from other sources was $104,784 which increased the total revenue for the year to $7,988,801.

After providing for Operations, Maintenance, and Administration Charges, term interest, amortization and depreciation, the deficiency of revenue over expenditure for the year 1987 amounted to $15,399,220.

GENERAL

Commissioner Norman Scott, resigned his position as Commissioner effective April 30, 1987 for health reasons.

The Governor-in-Council appointed Mr. A. Nicolle as Commissioner to serve the unexpired term of Mr. Scott.

The Commission expresses its deep appreciation of the valuable service rendered by Mr. Scott during his term of service.

The City of Halifax extended the appointment of Alderman Gerald O'Malley as Commissioner to expire January 1, 1988.

The Commission appointed Mr. Basil H. Gordon as Manager of The A. Murray MacKay Bridge and assistant to the General Manager, effective January 1, 1988.

The Commission acknowledges the dedication and service of the Maintenance and Administrative staff and the high quality of service performed by the members of the Canadian Corps of Commissionaires on Bridge Duty.

Respectfully submitted,

R.A. Prest	G. Downey	J.D. Shea
B.H. Gordon	A.C. MacKenzie	G. O'Malley
J. Savage	A. Nicolle	H.R. Wyman

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Halifax-Dartmouth Bridge Commission
TARIFF OF TOLLS, RATES and CHARGES

(Effective on and after 12:01 a.m. of September 1, 1987)

All persons operating vehicles entering upon or using The Angus L. Macdonald Bridge or The A. Murray MacKay Bridge shall pay rates, tolls or charges for the said vehicles in accordance with the following schedule:

SECTION I — SINGLE TRIP

1. Motor Vehicles, driven:

(a) Passenger automobiles, stationwagons, vans, ½ ton trucks (including trailers attached but not to exceed a total weight of 6,000 lbs. or 2721 kilos), motorcycles, licensed taxis, ambulances and hearses, and public vehicles seating up to 7 persons, horse drawn vehicles and animals (other than dogs & other pets) $0.25

(b) Motor trucks and other vehicles designed to carry freight or merchandise, construction equipment and other vehicles with a registered weight according to the permit issued by the Motor Vehicle Department of the Province of Nova Scotia, being —

Class 2 — 6,001 lbs. (2,722 kilos) to 15,000 lbs. (6,803 kilos) inclusive $1.00

Class 3 — 15,001 lbs. (6,804 kilos) to 80,000 lbs. (36,287 kilos) inclusive $2.00

Class 4 — 80,001 lbs. (36,288 kilos) to 122,000 lbs. (55,338 kilos) inclusive $3.00

(c) Autobuses and public vehicles seating over 7 persons $0.50

SECTION II — TOKENS

1. Quantity purchase of tokens for motor trucks and other vehicles

Class 2 — 6,001 lbs. (2,722 kilos) to 15,000 lbs. (6,803 kilos) inclusive — 100 tokens $85.00

Class 3 — 15,001 lbs. (6,804 kilos) to 80,000 lbs. (36,287 kilos) inclusive — 100 tokens $170.00

Class 4 — 80,001 lbs. (36,288 kilos) to 122,000 lbs. (55,338 kilos) inclusive — 100 tokens $255.00

SECTION III — FREE TRAFFIC

The following are exempt from paying rates, tolls and charges

(a) Drivers of vehicles, pedestrians and passengers.

(b) Dogs and other pets.

(c) Vehicles of the Halifax-Dartmouth Bridge Commission and of its permanent employees, when on duty.

(d) Police vehicles of the City of Halifax, City of Dartmouth, Municipality of the County of Halifax and Royal Canadian Mounted Police.

(e) Vehicles of any firefighting force or department.

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AUDITORS' REPORT

To the Chairman and Commissioners of
Halifax-Dartmouth Bridge Commission

We have examined the balance sheet of Halifax-Dartmouth Bridge Commission as at December 31, 1987 and the statements of revenue, expenditures and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principals generally followed for facilities of this nature and specifically referred to in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Halifax, Nova Scotia
January 29, 1988

LEVY CASEY MacLEAN
Chartered Accountants

BALANCE SHEET
DECEMBER 31, 1987

ASSETS	1987	1986
Fixed (notes 1 (c) and 2)	$ 44.078.847	$ 43.777.275
Deferred exchange loss (notes 1 (b) and 4)	23.098.849	18.202.149
Current		
Cash	112.873	72.779
Receivables		
Trade	10.500	8.460
Accrued interest	2.908	2.652
Term deposits	200.000	500.000
Investment – Debt Retirement Fund	330.545	307.493
Prepaid expenses	45.077	
	701.903	891.384
	$ 67.879.599	$ 62.870.808
LIABILITIES		
Long term debt (notes 1 (b) and 3)	$124.715.720	$104.419.800
Current		
Accounts payable, trade	118.203	43.019
Unredeemed tokens (note 1 (d))	240.824	125.701
	359.027	168.720
DEFICIENCY IN ASSETS		
General deficit	(57.195.148)	(41.717.712)
	$ 67.879.599	$ 62.870.808

On Behalf Of The Commission

Chairman

Secretary

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STATEMENT OF REVENUE EXPENDITURES AND DEFICIT
YEAR ENDED DECEMBER 31, 1987

	1987	1986
Revenue (note 1 (a))		
Toll revenue	$ 7.903.225	$ 7.523.697
Portion of unredeemed tokens taken into income	(19.208)	14.455
	7.884.017	7.538.152
Other rate charges	104.784	89.887
Operating revenue	7.988.801	7.628.039
Expenditures		
Operating, maintenance and administrative charges	2.983.808	2.892.917
Depreciation (notes 1 (c) and 2)	140.474	119.592
Interest on long term debt	5.032.757	4.706.151
	8.157.039	7.718.660
Loss from operations	(168.238)	(90.621)
Investment and sundry income	90.022	115.445
Income (loss) before effect of foreign exchange transactions	(78.216)	24.824
Amortization of unrealized exchange loss (notes 1 (b) and 4)	(15.399.220)	(7.280.853)
Deficiency of revenue over expenditures	(15.477.436)	(7.256.029)
Deficit, beginning of year	(41.717.712)	(34.461.683)
Deficit, end of year	$(57.195.148)	$(41.717.712)

HALIFAX-DARTMOUTH BRIDGE COMMISSION

R.A. PREST

B.H. GORDON

J.D. SHEA

H.R. WYMAN

A. NICOLLE

G. O'MALLEY

G. DOWNEY

J. SAVAGE

A.C. MacKENZIE

J.L. KAY

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Commissioners Appointed by the Province of Nova Scotia
R.A. Prest, *Chairman*
B.H. Gordon, *Secretary*
J.D. Shea, *Commissioner*
H.R. Wyman, *Commissioner*
A. Nicolle, *Commissioner*

Commissioners Appointed by the City of Halifax
G. O'Malley, *Commissioner*
G. Downey, *Commissioner*

Commissioner Appointed by the City of Dartmouth
J. Savage, *Commissioner*

Commissioner Appointed by the Municipality of the County of Halifax
A. MacKenzie, *Commissioner*

Officers
R.A. Prest, *Chairman*
B.H. Gordon, *Secretary*
J.L. Kay, *General Manager*

Auditors
Levy, Casey, MacLean

Consulting Engineers
Whitman Benn Group

STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 1987

	1987	1986
Operating activities		
Deficiency of revenue over expenditures	$(15,477,436)	$(7,256,029)
Charges (credits) not affecting cash		
Depreciation	140,474	119,592
Gain on sale of fixed assets	(302)	(16,634)
Amortization of unrealized exchange loss	15,399,220	7,280,852
Increase in deferred charges	(20,295,920)	(21,423,200)
Increase in long term debt	20,295,920	21,423,000
	61,956	127,781
Net change in non-cash working capital balances related to operations	142,934	(55,345)
	204,890	72,436
Financing activities		
Proceeds from sale of fixed assets		25,000
Investing activities		
Proceeds from disposal of fixed assets	2,500	5,510
Purchase of fixed assets	(444,244)	(54,198)
	(441,744)	(48,688)
Increase (decrease) in cash and equivalents	(236,854)	48,748
Cash and equivalents, beginning of year	880,272	831,524
Cash and equivalents, end of year	$ 643,418	$ 880,272
Represented by		
Cash	$ 112,873	$ 72,779
Term deposits	200,000	500,000
Investment — Debt Retirement Fund	330,545	307,493
	$ 643,418	$ 880,272

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NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

a) Revenue Recognition
The Commission recognizes revenue at the time a vehicle crosses a bridge. This revenue is increased to reflect an estimate of tokens that have been sold but will never be redeemed. Revenue is reduced by the estimated tokens that have been sold but which the Commission feels will eventually be redeemed.

b) Foreign Currency Translation
The term bank loan in Swiss Francs is reflected in these financial statements at the Canadian Dollar equivalent at the rate of exchange prevailing at year end.

Unrealized exchange gains and losses on the term bank loan are being amortized over the remaining term of the loan.

c) Fixed Assets
Land, buildings, bridges and equivalent are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful life of the assets except for the superstructure and substructure where no depreciation has been provided since 1965 and the approach road base where depreciation has never been provided.

d) Unredeemed Tokens

The liability for unredeemed tokens is estimated on the basis of a formula determined in relation to sales of tokens in various categories and year end token inventory.

2. Fixed Assets

	The Angus L. Macdonald	The A. Murray MacKay	Total 1987	1986
Land, bridge structure approaches building and equipment – cost	$12,051,373	$36,767,082	$48,818,455	$48,377,873
Accumulated depreciation	3,344,191	1,395,416	4,739,607	4,600,598
Net Book Value	$ 8,707,182	$35,371,666	$44,078,848	$43,777,275

The costs to date of The A. Murray MacKay Bridge include approximxately $18,770,000 spent substantially in 1969 for the acquisition of land and the construction of approach roads.

In 1987 the Commission incurred costs of $395,083 for superstructure improvements on the A. Murray MacKay Bridge. These costs are included in the total bridge cost.

All bridge approach roads constructed by the Commission and situated in the cities of Dartmouth and Halifax have been conveyed to the Province of Nova Scotia or the respective cities.

The Commission remains liable for the total long-term debt incurred to finance the bridge (including cost of approach roads). For this reason, and the fact that they are used and useful in attracting traffic to The A. Murray MacKay Bridge, the cost of approach roads will continue to be accounted for as fixed assets.

3. Term Bank Loan

The term bank loan is a foreign currency loan in the amount of 122,000,000 Swiss Francs. The loan is repayable in full on or before June 30, 1989, and bears interest at a rate which is the aggregate of the London Interbank offer (LIBO) rate and a per annum bank add-on of ½ % to June 30, 1987 and 5/8 % to June 30, 1989. The Commission may change the loan currency to German Marks, U.S. or Canadian Dollars and may select the most advantageous LIBO rate, term and currency at varying intervals of 3, 6, 12 months or 2 or 3 years.

The loan is secured by a debenture issued by the Commission and is guaranteed as to the principal and interest by the Province of Nova Scotia.

4. Deferred Exchange Loss

Deferred exchange loss represents unrealized net exchange losses on the term bank loan less accumulated amortization as follows:

	1987	1986
Unrealized exchange gain (loss) at December 31	($39,388,222)	($18,660,113)
Less: Accumulated amortization	16,289,373	457,964
Deferred exchange loss	($23,098,849)	($18,202,149)

5. Pension Plans

The Commission has pension plans covering substantially all their permanent employees. The estimated unfunded actuarial liability of the pension plans was $58,028 at December 31, 1987.

6. The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia.